
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes August 16, 2007

Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, August 16, 2007. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Roger Umbaugh, Kurt Barrow, Richard Besinger, Debbie Hineline, Joe Bronnert, David Bowen, Chuck Nemeth, Morris Mills and Kaitlin Boldt, Administrative Officer.

Minutes and Discussion: Mr. Barrow introduced the June 21, 2007 Minutes. Mr. Bowen motioned to recommend approval of the June 21st Minutes. Mr. Besinger seconded and the motion carried 6-0.

South Adams Schools, Adams County: Officials requested approval of a general obligation bond issue in the amount of \$1,675,000 with a term of one year and a lease rental agreement with maximum annual payments of \$1,775,000 for a term of 23 years. The total project cost is \$25,320,400. The tax rate impact is \$0.4205 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. An application was filed for the petition and remonstrance process with 1,903 yeas versus 614 nay votes. As a result, the project size was reduced by \$10,000,000. The total project cost per square foot to construct the new school is more than 20% below the DLGF threshold.

Present for the hearing was Cathy Egolf, Superintendent; Myron Schwartz, Tony Mellencamp, Steven Hampshire and Julie Mansfield, School Board; Gregg Liechty, Business Owner; Nick Eccles, High School Principal; Jane Herndon and Jim Shanahan, Ice Miller; Daniel Rawlins and Terry Lancer, Inter Design; Dave Vorhees, Director of Facilities; Scott Litwiller, Middle School Principal; Jeffrey Rich, Elementary Principal; Jay Lahr, Treasurer and Curt Pletcher, Umbaugh.

Project: This project will close two older schools and consolidate all instruction on a single campus by constructing a new building to serve grades Pre-K through 8th grade on land the School Corporation already owns adjacent to the present South Adams Jr. Sr. High School. This new building will have a new grade level configuration for instruction better suited to current programs:

- Pre-K through 5th grade Elementary School section
- 6th through 8th grade Middle School section

- Shared spaces for Administration, Media Center, Cafeteria and Physical Education

When the new PreK-8th Grade facility is completed, 7th & 8th grade students will move to the new building for core classes, thereby freeing-up classroom space in the High School for students in grades 9-12. They hope to reconfigure the smaller open-plan instructional spaces to regular classrooms that meet DOE guidelines. This remodeling will only take place as part of this project if funds remain available after construction of the new building, either through cost savings realized through the design-build process or by avoiding the cost of demolition by finding appropriate re-use opportunities for the buildings that will be closed.

Comments: Cathy Egolf, Superintendent, said they come seeking approval to proceed on a Lease Rental and General Obligation Bond deal issue to fund two projects totaling \$25,000,000. The South Adams community began a discussion of the need to replace the current elementary and middle school buildings in 2001. A feasibility study at that time indicated that it would be cost-effective to replace the depression-era buildings. In 2006 the need for replacement was again discussed monthly at board meetings, town-hall meetings and on the radio and in the newspaper. A second feasibility study was completed indicating the need to replace both the elementary and the middle school buildings and a need for renovations to the current “open concept” jr./sr. high school building.

They are proposing to consolidate from three buildings in two towns to one building on 94 acres of land, which they already own and currently houses the jr./sr. high school. Having everything on one campus will be cost effective. They will be able to have only one kitchen and one HVAC system for the entire district. All bus routes will go to one location instead of three.

They are asking approval to build, using the design-build method, a new pre-k through eighth grade building. This building would house a pre-k through fifth grade elementary and a sixth through eighth middle school. It would be attached to the high school building. The intention with this project is to replace two buildings which were built in the mid-1930s with one building. There is a great need for this new facility because both old buildings have weakening exterior walls and structural damage along with bad pipes. Additionally, they are constantly dealing with bad air quality and mold issues due to reoccurring water damage.

The new building will include one kitchen with three dining areas so all South Adams students will eat in the new building. It will also include both an elementary and a middle school gym replacing the two they currently have in the old buildings. The square footage for the new building will be 154,000 square feet and will house approximately 980 students. The projected hard and soft costs of the new building is approximately \$22,000,000.

To the extent funds are available, the other part of their project is to complete some much needed renovation to the current jr./sr. high school. Built in 1974 as an open-concept high school, it will house approximately 435 students after the new pre-k – 8 building opens. The project involves reconfiguration of the current jr./sr. high school by converting the 34 year old out-dated kitchen area in the high school for appropriate uses for today’s educational needs. The project also includes changing an out-dated “shop” area into a science lab. They are also proposing to enclose the academic area which currently has fairly small rooms with very thin walls and no doors which poses a security risk. There is also a need for increased technology. These things

can be accomplished without exterior structural changes and the building was originally built as a high school and then later, as the seventh and eighth grades were moved into the building, the academic wing became over-crowded with fairly small rooms built within the area. The projected cost of the total renovation is \$2.9 million.

They had a very public and community process, including one which has served to unite the community. In light of taxpayer concern, the Board voted to reduce the project from \$35,000,000 to \$25,000,000. After all was said and done, they had a remonstrance. The South Adams Community won the petition-drive garnering 76% of the signatures. What is truly significant was that the petition-drive began the day everyone in the district received their property tax bills. The remonstrance changed the environment of the community from one of support to one of unification. Both Geneva and Berne spoke loudly in support of a new building located on one building site. The remonstrance made it clear that the community is willing to pay more taxes for a better school environment leading to better academics.

Letters of support from both businesses and individuals have been submitted. They would like to thank Senator Ford and Representative Ripley for their support as well as Governor Daniels for allowing schools to use the Design-Build concept which has allowed them to project a savings of approximately \$40.00/square foot.

Mr. Besinger asked if they considered remodeling the other schools. The Superintendent said the feasibility study showed it would cost more to remodel than to replace. Mr. Besinger asked what they plan to do with the building they are replacing. The Superintendent said they will be demolished. Mr. Besinger asked if they will keep the land or sell it. The Superintendent said they are in the process of having the land appraised and plan to sell it. Mr. Besinger asked what the value of the property is. They said they are doing a joint appraisal at commercial value. Both pieces of land are in a central location. Mr. Besinger asked how many acres there are. The Superintendent said they have 26 acres plus a football field at the high school, 14 acres at the elementary school, 5 acres at the middle school, and they also plan to sell an administration building which occupies 1/8 of an acre. Mr. Besinger asked if they considered selling the land with the buildings on them versus tearing them down. The Superintendent responded yes, that would be the easiest way. They are going to ask for appraisals both ways and then determine if there is any interest in the buildings. Mr. Besinger asked if they are going to apply the money from the sale towards their debt. The Superintendent said yes.

Mr. Nemeth said at a previous meeting the bond counsel had commented they were less than thrilled with the design-build process and asked what if anything has changed now. They said the comment that was made was the complexity of the statute given by the General Assembly is difficult to work with. The resulting cost per square foot saving should reward them for going through all of the requirements. Mr. Nemeth asked if they are providing any stipends for builders. They responded no. Mr. Nemeth asked what the connecting arcade is. Mr. Rawlins said it is a connecting link between the high school and the new building. Mr. Nemeth asked if they are building any roads. The Superintendent responded no.

Mr. Besinger asked what effect this project will have on transportation. The Superintendent said everything will be on one campus so they expect it to significantly reduce costs. Mr. Besinger

asked by how much costs will be reduced. They said about \$17,500. Mr. Besinger asked if they will eliminate any bus routes. The Superintendent said no because they will still be picking up students at the same houses. They have one bus route. This will eliminate the need for shuttle busses between schools during the day.

Mr. Barrow asked why they do not anticipate a new facility appeal. They said they are going from three buildings to one and will have 25,000 fewer square feet to maintain. Mr. Barrow asked if they anticipate a reduction in support staff. The Superintendent said they hope so. Mr. Barrow asked if the consolidation of the cafeteria into one area will provide cost savings also. The Superintendent said they expect it to.

Mr. Besinger asked what the total amount of cost savings will be. They said that number is not available at this time, but all options will be explored.

Mr. Umbaugh said they are using both a lease rental and general obligation bonds as a timing issue to start the tax rate a year sooner and asked if they have an estimate of the amount of tax savings produced. They said the \$1,675,000 accelerates the repayment of principal so they are looking at a little over a million dollars in interest savings. Mr. Umbaugh commented that there is no existing debt for South Adams. The Superintendent said their last payment will be in the spring of 2008.

Mr. Mills said they have \$185 million worth of projects on this agenda and he cannot in good faith support any additions to property taxes until the General Assembly comes up with how they are going to solve the property tax issue. Mr. Mills feels it is appropriate they put a moratorium on all school construction until the General Assembly figures out how to solve this mess. He would like the Department of Local Government Finance furnish all tax rates applicable to the taxing district before the issues come in. Four or five of these projects should be funded out of Capital Projects Funds. Mr. Mills would like all routine maintenance issue projects to present their CPF plan and explain why the project could not be funded out of CPF.

Mr. Besinger said he supports what Senator Mills is saying. Schools are spending way too much money. If you look at the general budgets of most school corporations versus their debt service it is startling how much they are spending on buildings. If buildings would have been maintained with Capital Projects money over the years they would not end up in bad shape and in this situation. The Board needs to be responsible to the taxpayers.

Myron Schwartz, South Adams School Board member, said he would like to point out they had a 76% approval rating in remonstrance. They know this is going to affect taxes, but they have said they support this. This project will affect the future.

Mr. Mills said his comments were not on the worthiness of this project, but on the shape of the taxing system in Indiana.

Mr. Besinger said there have been mistakes made because they have not kept up with maintenance over time. When projects are presented to the public interest should be included in the total project cost.

Mr. Bronnert asked if tax bills have gone out. The Superintendent said they have been lucky that everything in their county has been on time.

Mr. Pletcher said the historical debt service rate of the school corporation has been 11.5 cents. As presented the net tax impact if bonds sell at maximum rates would be 36 cents. If the bonds sell at today's rates the net impact would be between 27 to 28 cents.

Mr. Barrow asked what the total tax rate is in a typical part of the school corporation, including all other civil units. They said they do not have that information but they would be able to provide it. Mr. Barrow said they show about \$1.72/100 for just the school.

The Mayor of the city of Burn said the city tax rates have been level where they could raise the taxes this year. The school has also been fiscally responsible. Providing a quality education for students is good for the city, good for the community and good for South Adams Corporation.

Mr. Besinger said he has been an educator for forty-two years. He sees people come in and try to sell the buildings for education, but it is not the buildings that make the difference, it is what happens in the buildings. The buildings are not the things that are going to make an impact. The Superintendent said she feels the building is an expensive tool, and that is all it is, a tool. They are gearing up for a stringent accountability system using mapping and lesson plans related to Indiana standards. This building is a tool and is of no value unless they focus on learning. Teachers are facilitators of learning. Today they have to choose between technology and air conditioning. The environment they have is not conducive to learning. They are on the road for academic excellence.

Mr. Mills asked how the school calendar got pushed back to begin during the hottest month. The Superintendent said in her opinion it was changed for IHSAA rules that requires school to be in session. Mr. Mills said that is absurd.

Mr. Besinger said mold issues come down to not having fresh air in the buildings.

Mr. Barrow said the current enrollment at the elementary is 443 and 309 at the middle school for a total of 752, but they are building a new capacity of 1079. The Superintendent said their elementary is a K-3 facility and the middle school is for grades 4-6. They have a 7-8 with an enrollment of 229 students last year which will be moving to the new building for a total current enrollment of 982 in K-8.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$1,775,000 for 23 years and a general obligation bond issue in the amount of \$1,675,000. Mr. Umbaugh seconded the motion, which carried by a vote of 3-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes. Mr. Bowen abstained from the vote.

Clark Pleasant Community School Corporation, Johnson County: Officials requested approval of a general obligation bond issue in the amount of \$950,000. The total project cost is \$950,000. The term of the bond is 3 years. The tax rate impact is \$0.0242 with no

new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was J.T. Coopman, Superintendent; Steve Sonntag, Business Manager; Jane Herndon, Ice Miller and Tom Grabill and Cindy Hessler, Financial Advisors.

Project: This project is a multi-faceted site development project at Whiteland Community High School. There needs to be a place for 24 temporary classrooms at the high school site in order to begin the 2007-08 school year with the safety and order needed for a good learning environment. Initially elementary children will be housed in the temporary classrooms until the Pleasant Crossing project is complete. Completion is expected in early 2008. Once Pleasant Crossing is complete eight of the temporary classrooms will be eliminated and the remaining 16 units will be used for high school needs for the next four to six years.

This project includes the estimated construction costs, fees, and permits for concrete foundations, water, sewer, electricity, fire alarm, telephone, and technology for the units. In addition, there will be the costs for enclosure and doors around the units to allow safe movement of the pupils between the temporary classrooms and the high school building.

The current parking lot is inadequate in terms of size due to the rapid growth in the number of high school students. With the loss of parking lot space due to the temporary classrooms, this project also includes demolition of former residential homes on Whiteland Road and a significant expansion of the parking lot.

Comments: J.T. Coopman, Superintendent, said Clark-Pleasant Community School Corporation is located twenty minutes south of downtown Indianapolis in Johnson County. It is a 56 square mile district comprised of Clark and Pleasant Townships, the towns of Whiteland, New Whiteland and suburban Greenwood. By percentage of enrollment, it is the fastest growing school district in the state of Indiana, with enrollment increases of over 1,000 students in the last two years. Demographic studies indicate a similar growth pattern over the course of the next ten years. Demographic studies will be commissioned every two years to monitor residential growth expected to contribute to increased students enrollments.

The board of school trustees and the administration use the demographic studies to develop long range plans consisting of programming, facilities, and personnel projected over a ten year period to plan for the future. The plan is a living document subject to change and is reviewed annually in the board planning retreat. The plan is often times reflective of community task force work and input, particularly when building projects are being planned and discussed to meet the demands of rapid growth. The plan is shared in several public forums for further public input before being adopted.

They have often shared the story of Clark-Pleasant's perfect storm as it relates to growth in enrollment, exceeding maximum capacity for all schools, in all grade levels, all in the same year – 2010; all the while, not being able to address the needs at the same time due to fiscal

constraints. Therefore, in the board's long range plan, priorities were established to meet the most pressing needs first and in incremental steps with a phased in plan.

As a result of their rapidly increasing student enrollments over the last ten years, Clark-Pleasant Community School Corporation has used the long range planning document to guide carefully crafted school renovations, additions and new building construction to meet the needs of programming and increased student enrollment. With a wary eye on the plans and trying to demonstrate responsibility to taxpayers, they have been able to keep tax rates steady as they plan to build. Their assessed value increased to keep a level tax rate and a respectable debt to assessed value ratio of approximately 10.6%, well under the DLGF guidelines of 15%.

They are seeking permission to sell bonds under a general obligation bond issue in the amount of \$950,000. These funds will be used to fund site work necessary for the future expansion of Whiteland Community High School as a part of the board's long range plan. The site work consists of the demolition of five houses purchased by the school district to accommodate future expansions on this site, infrastructure development related to sewer, drainage, and water lines, and parking lot excavation and paving. Of course, the expenditure of funds for this work at this point in time will save on site development costs at the time the renovations are completed for the high school expansion. The site development will also allow for the location of portable learning labs.

Due to construction delays at a newly constructed elementary school planned for opening in the fall of 2007, the location of portable learning labs on the high school site were necessary to house these elementary students for the first semester of the 2007-08 school year and they will house high school classes the second semester of the 2007-08 school year and for several months thereafter until additional classroom space can be created with the renovation of the existing middle school following the planned construction of a new middle school as part of the long range plans for the future.

They are planning to use a short payback period of 3-4 years to minimize interest costs. Interest rates are expected to be less than 5% amortized over the payback period.

Mr. Umbaugh asked if the portables will be gone after one year. The Superintendent said they use 24 portables on site now for the elementary. Eight of those units will not be necessary, but sixteen will remain for the high school to use for 18-24 months.

Mr. Bowen asked if this work is already complete. The Superintendent said they are on such a tight timeline they intended to have students in the new school this fall. There were several factors beyond their control that delayed the start of the project. In April they began planning an alternative to have the students housed this fall. Mr. Bowen asked what their options are if this project is not approved. Mr. Bowen asked if they have any money left over in their construction budget. Mr. Sonntag said they do not have \$950,000 available. They would have to take money from CPF and stop everything else that had been planned. Mr. Bowen asked what their plans are for CPF. Mr. Sonntag said they are planning to use that money for land purchases as well as ongoing maintenance and technology. Mr. Bowen asked if they have a budget outlined for CPF. They said yes.

Mr. Besinger asked if they had anything in their contract to protect against construction not being completed on time. The Superintendent said it has been his experience that contractors will protect themselves with higher bid costs. Mr. Besinger asked how much money they will have left after the construction of the building. They said they do not expect construction to be completed until December or into 2008, so they do not know at this time if they will have money left.

Mr. Umbaugh asked what the board vote was on June 26. They responded 5-0.

Mr. Besinger asked if severance pay is causing any of their financial problems in CPF. Mr. Sonntag said no, they have been neutralizing that bus replacement.

Mr. Mills asked what the amount of annual receipts from CPF is. Mr. Sonntag said they are up to almost \$5 million per year. Mr. Mills asked how they cannot find \$900,000 out of that amount. They said the portable classroom payments are being funded out of CPF, which was not a budgeted expense. The monthly lease payment takes a large chunk of CPF. Mr. Mills asked what they are doing with the money they receive for new students. The Superintendent said they have no excess funds. Last year they fell short by \$1.2 million which disabled them from hiring necessary new teachers.

Mr. Bronnert said they have a 19:1 student to teacher ratio. The Superintendent said they do try to keep the ratio low, but in the upper grade levels they do have larger class sizes.

Mr. Umbaugh asked if the tax impact is two cents with the total debt service dropping. Mr. Grabill said they projected the debt service tax rate to drop six cents without this project or to drop three to four cents with this project, so it is going down either way.

Mr. Mills asked how soon the tax on the new middle school will appear on tax bills. Mr. Sonntag said with the current AV they think they will see an increase of nine cents in 2010. The new school will house the entire middle school population.

Motion: Mr. Bowen made a motion to approve a general obligation bond issue in the amount of \$950,000. Ms. Hineline seconded the motion, which carried by a vote of 5-2. Mr. Barrow and Mr. Besinger cast the dissenting votes.

Noblesville Schools, Hamilton County: Officials requested approval of a general obligation bond issue in the amount of \$6,500,000. The total project cost is \$6,500,000. The term of the bond is 20 years. The tax rate impact is \$0.0250 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process.

Present for the hearing was Dr. Lynn Lehman, Superintendent; Terry Rich, Business Manager; Jack Hittle, School Attorney; Jim Shanahan and Jane Herndon, Ice Miller; Randy Ruhl, City Securities; Bob Wedde, Perf. Services and Jerry Rolfson, OMS.

Project: Noblesville Schools intend to perform major renovations and improvements to the existing Noblesville Middle School facility. The facility was originally constructed in 1955 and, for many years, served as the original Noblesville High School. Several small projects have been completed since 1996 to accommodate the new student population; however, not to the extent of the repairs and replacements planned by this project. Additionally, the School Corporation intends to move the fifth grade students back into the K-4 elementary schools in a few years which will require the sixth grade students to join the seventh and eighth grade students in the Middle School.

The current project to be financed with the \$6,500,000 of general obligation bonds consists of 1.) complete HVAC renovation throughout the entire facility, 2.) general upgrades and replacement of electrical systems, new chalkboards, tack boards, shelving and general repairs to nearly 50 rooms within the facility, and 3.) site work including the widening of sidewalks, parking lot repaving, and tennis court restoration.

The HVAC project includes the complete replacement of classroom vertical air handling equipment, adding relief fans in corridors, removing all existing unit ventilators from classrooms, the installation of temperature control systems, and the installation of new shelving units to cover areas where unit ventilators were used. Additionally, the project entails the removal of thirteen existing roof top air handling units and the installation of new variable air volume units. The project also includes the removal of approximately 105 constant volume duct reheat coils with new hot water reheat VAV boxes to connect to the existing hot water system. Also, the project includes a replacement of the hot water heater, replacement of nine air handling units with new variable speed air handling units and new controls. This project is expected to cost approximately \$4,300,000.

The projects associated with 2.) above is estimated to cost approximately \$750,000 and items in 3.) above expected to cost approximately \$425,000.

Comments: Dr. Lehman, Superintendent, said they are seeking approval of general obligation bonds in the amount of \$6,500,000 to fund an HVAC renovation at Noblesville Middle School. The building is 255,000 square feet and was originally occupied in 1955. During the transition from a high school to a middle school a boiler room was constructed to house energy efficient boilers and chillers. Since that time they have almost continually tried to update the building infrastructure with summer projects funded out of CPF. The outdated equipment causes temperature control problems within the building. They believe this project will solve the temperature problems, rather than taking a piecemeal approach as they have in the past. The second part of this project includes updating the structure to support twenty-first century technology. The third component is site work to improve traffic flow safety. If the AV increases by 8%, which is their projection, they estimate this project will increase the tax rate by 2.5 cents. This project is part of their strategic plan and has been outlined to the public in many community meetings.

Mr. Bronnert asked why they are using a twenty year term. Mr. Ruhl said they have discussed a twenty and ten year repayment period. The 2.5 cent rate impact that they have discussed would

be the rate impact with a ten year payback. With a twenty year term the rate impact would be 1.5 cents. They are asking for twenty years to have flexibility depending on how bids come in, but hope to do a much shorter amortization.

Mr. Umbaugh said capitalized interest on a general obligation issue is unusual. Mr. Ruhl said they are hoping for approval to be in the market before the year is over. With a half year payment they will be capitalizing interest for six months. Mr. Umbaugh asked if they considered a long coupon. Mr. Ruhl said that is an option they will review.

Ms. Hineline asked what projects they have coming up next. The Superintendent said this school would ultimately become a 6-8 building. Right now projections show they should have increased over 400 students this year, but as of the first day of school they are up only about 304. They opened new elementary and intermediate schools this fall. The board will meet on August 31 to review the master plan against enrollment patterns. When they will ask to build a new building will depend on enrollment and full day kindergarten requirements.

Mr. Besinger asked what the loose equipment of \$75,000 entails. The Superintendent said that amount is for infrastructure upgrades related to technology. Mr. Besinger said they also show \$200,000 for technology equipment. The Superintendent said the loose equipment amount is for the labs and tables for the computers to sit on.

Mr. Barrow asked what the additional remodeling projects at the middle school mentioned in the Hearing Information Sheet would consist of. The Superintendent said that it is part of their total plan for facilities. They currently have K-4, 5/6, 7/8, a freshman center, and 10-12 buildings, which they believe is too many transitions. The building will eventually be remodeled to become a 6-8 building. Elementary schools are less expensive to build and people like to have them in their neighborhoods. Mr. Barrow asked what would physically have to happen to the building to turn it into a 6-8 building. The Superintendent said there are many areas with open ceilings they are current using as classrooms that have not been completely renovated. They would also want to find a wing to reconfigure to hold sixth graders.

Motion: Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$6,500,000 with a term not to exceed twelve years. Mr. Bowen seconded the motion, which carried by a vote of 4-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Warrick County School Corporation, Warrick County: Officials request approval of a lease rental agreement with maximum annual payments of \$6,348,000 for a term of 14 years. Total project costs are \$30,000,000. The tax rate impact is \$0.1574 with a new facility rate impact of \$0.0090 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot to construct the new Castle South Middle School is 0.84% above the DLGF threshold.

Present for the hearing was Brad Schneider, Superintendent; Todd Armstrong, Assistant Superintendent; Jane Herndon and Jim Shanahan, Ice Miller; Mark Neff, Local Counsel; Gary

Hachmeister, Board President; Alvin Holder, Board Member; George Link, Architect and Colette Irwin-Knott, Umbaugh.

Project: The new Castle South Middle School, on property south of Castle High School, will accommodate 6th, 7th and 8th grade students in three splayed wings separating the individual grade levels. A library and computer rooms are located at the convergence of the three academic wings and adjacent to the central corridor of the school allowing for easy access to the library from any area within the building. Family and Consumer Science, Industrial Technology, Art and Music classrooms are located near the central corridor and make for easy student access from their classrooms.

Functional zoning provides clear division of community spaces (cafeteria, large group instruction, and gymnasium) from classroom wings for security and acoustical purposes. Car and bus traffic is accommodated on opposite sides of the building and funnels students into a central location. A brick and block exterior and structural steel frame provide a safe and efficient learning environment. High efficiency lighting and a variable-air-volume 2-pipe mechanical system will be used to maximize energy efficiency.

Five general purposed classrooms may be added to Boonville, Castle North and Tecumseh Middle Schools to accommodate sixth grade students in the new middle school curriculum. Students will be grouped in block settings each providing Math, English, Social Studies and Science classrooms and lab area.

Comments: Mr. Schneider, Superintendent, said they are seeking approval to build a new middle school in Warrick County School Corporation. They are the 28th largest school district in Indiana with over 9,500 students in sixteen buildings. One reason for the need for this project is Warrick County is the seventh fastest growing county in Indiana. They have increased over 600 students over the past six years. Many of their elementary schools are at capacity. Currently Warrick County Schools cannot offer full day kindergarten because they do not have the classroom space. They predict to see their enrollment growth continuing. Classrooms are used for different uses than they were twenty years ago and require additional space. When it became evident they would need to build an additional school the board looked at several options. In the end the board chose the middle school option. The plan was presented upfront as a full middle school concept to the community. They feel this will be the most cost effective and will have the most positive impact on curriculum. The project will free up classroom space in elementary schools. To involve the community in the process they held five public meetings, as well as received extensive media and newspaper coverage. There was no remonstrance against the project. This is a big change, but it will be a better set up for the students of Warrick County.

Mr. Bronnert asked why they are building a new school when it appears their capacity is much greater than current enrollment. The Business Manager said capacity is based on thirty students per classroom, but rooms such as special education and computer labs do not hold thirty students for practical purposes.

Mr. Bowen asked if the new building has been designed. Ms. Herndon said right now the administration believes most of the money from this issue will go towards the new middle

school. There are tons of needs in the district and if there is any money left over they will use that money to do additions, but at this time they do not want to pay an architect to do those drawings. Mr. Bowen asked if it is a new trend that they are going to be asked to approve projects without any drawings. The Business Manager said they revised the Hearing Information Sheets to show the costs allocated to the additions to be done at three buildings. Mr. Bowen said they are showing 259 square feet per student at Tecumseh after the addition and 150 square feet per student at the other buildings. He cannot make a judgment on whether that building is at capacity or not without drawings to see why it is that way. The Superintendent said Tecumseh is their one Jr./Sr. high school. When the building was designed many years ago it was a 7-12 building. They are trying to assure parents they can provide a school within a school so as to keep middle and high school students separate. Mr. Bowen said the Hearing Information Sheet indicates the project will be bid September 25. The Business Manager said they were originally scheduled to come to the July meeting. Mr. Bowen asked if they will bid the project on October 25 now. The Business Manager said the drawings of the new middle school are pretty complete. They are using a modified floor plan of Scottsburg Middle School. They were able to save on architect fees this way. Mr. Bowen asked when Scottsburg was constructed. They said 2002. The main difference between the two buildings is student population so they have added twelve classrooms to this design. Mr. Bowen asked what the square footage per student is at the two schools. They said the Scottsburg is 122,000 square feet for 750 students and Tecumseh is 144,050 square feet for 950 students.

Mr. Besinger asked if the capacity of the new school will actually be for 950 students. The Superintendent said when they look at enrollment the school should open at about 750 students, so they will have space for growth. The school is being built in the Castle District, which is by far the fastest growing part of the county.

Mr. Mills said they are playing games with the taxpayers on debt service by not making any payments for five years. The Business Manager said they are going to start paying back a portion of principal beginning in 2010. Mr. Umbaugh said it is a fourteen year term with a nine year payback to mitigate the lack of payments the first year. They will be out of debt by 2018. Ms. Irwin-Knott said because this is the construction of a new middle school it is required to have capitalized interest during construction. This has a very short repayment schedule.

Mr. Bowen asked what projects they should expect to see bid out if this issue is approved. The Superintendent said the new school would be the first thing they bid out and the renovations would be bid out at a later date. Warrick County is different in that it has three distinct high school districts. Projects that could not be done district wide were eliminated from the list of options. The middle school concept can be duplicated throughout the county. Mr. Bowen asked if the bond issue will cover the cost of all of these projects. The Business Manager said if the bids do not come in as they expect they will finance the remainder out of CPF.

Mr. Bronnert asked if their tax bills have gone out yet. They said yes, payments were due August 15th. The assessor received a letter of compliance, also. Mr. Bronnert asked what type of tax increases they saw. They said the school rate went down two cents. There were some areas that saw increases because of trending.

Mr. Besinger said that just because the school tax rate dropped their amount of spending did not drop, which can be deceiving to taxpayers. They should talk dollars instead of drop. The Business Manager said they were able to give raises to staff and still spent less money in 2006 than in 2005. CPF spending did go up a little bit, but that was due to the increase in AV, and other than that they try to keep spending level from year to year.

Mr. Barrow asked if the bids come in for the new middle school at around \$27 million will they not do the other projects. The Superintendent responded yes, they would have to delay the additions and pay for them out of CPF. The Business Manager said he has forecasted the CPF out into 2010 and 2011 to see if those funds for renovations would be available in CPF. Mr. Barrow asked if that situation happened and the cost of the new middle school would be higher than what is shown on the Hearing Information Sheet. They said yes, and then they would be back to \$1.50 over the DLGF threshold. They expect that the extra \$3 million they estimated is an underestimate and they may actually have more money than that available.

Mr. Bowen said they should have pretty good cost estimates based off of the previously constructed similar middle school.

Ms. Hineline asked why they have an elementary school with a capacity of 160 students. They said that school is the heart and soul of that community and people would not allow them to close it.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$6,348,000 for 14 years. Mr. Bowen seconded the motion, which favorably carried 4-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Cloverdale Community School Corporation, Putnam County: Officials request approval of a lease rental agreement with maximum annual payments of \$282,000 for a term of 12 years. Total project costs are \$1,730,000. The tax rate impact is -\$0.0155 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Dr. Carrie Milner, Superintendent; Jim Sharp, Board Member; Erin Sinclair and Lisa Baker, Property Owners; Sonny Stalzy, Principal; Nate Day, Financial Advisor; Jane Herndon, Ice Miller and Scott Carnigie, Architect.

Project: At Cloverdale High School this project will include the replacement of bleachers and guardrail/handrails in the gymnasium. Security will be improved at the elementary, middle and high schools with an IP access control system and CCTV system. Card readers will be installed at designated locations along with REX motion detectors and cameras. At the Cloverdale Athletic Fields the football field bleachers and press box will be replaced. A feeder and transformer will be installed to serve the football field press box. A new 15 space asphalt paved parking lot will be installed east of the service drive between the high school and running track. A storage room consisting of 530 square feet will be added to the administration building. The existing administration building will require minor renovations to accommodate the addition. At

Cloverdale High School interior and exterior doors, hardware and frames as required will be replaced at various locations with aluminum and steel doors. Door cylinders will be replaced on all doors at the elementary, middle and high schools. New air handling units with heating and cooling coils will be installed in the Agriculture classrooms and the basement area locker room/weight room. Finally, poured urethane Elasti-Plus flooring will be installed in the elementary school gymnasium.

Comments: Dr. Milner, Superintendent, said this project is for facilities upgrades that have been put off for many years. Capital Projects is used for maintenance, technology, and other things that need to be paid for on an ongoing basis. They have found that by putting off larger projects they could group some of these needs together. They have security and safety as well as air quality issues. Students were moved from the high school to an elementary school because of air quality concerns. They have tried to make minor repairs as they go along, but the issues have not gone away. Safety and security upgrades will be done because some doors are held shut with “club” locks. They are planning to install some type of access card system and internal cylinder locks in doors. They will be replacing guardrails and bleachers at the football field because they are unsafe as they are. The school is in a small rural district. The gymnasium bleachers are currently not up to code will still not have wheelchair access after the renovation. Tiles on the gymnasium floor will be replaced. The locker rooms need to be repainted. There will be a storage room addition to the administration area to store State Board of Accounts files in a safe and secure area. No one spoke in opposition at the 1028 hearing. The project is the result of a lot of deliberation in the community. It has been on the table for the past four Superintendents. Everyone agrees that the projects need to be done. They will be maintaining the tax rate even with the addition of this project.

Mr. Besinger asked why they did not use their Capital Projects Fund to address these issues. The Superintendent said they pay energy savings out of CPF so they simply do not have adequate funds. Mr. Besinger asked what percentage of CPF they use for repair work. Mr. Day said over the next 3 years 75% of CPF will go to paying off debt from the energy savings and 25% is used for salaries, insurance and utilities. Mr. Besinger said salaries should be paid out of the General Fund and if they had been doing that they would have had extra money in CPF to pay for this project. Mr. Besinger asked what they are paying severance pay out of. The Superintendent said they pay severance out of bus replacement. Mr. Day said the General Fund is also needed for other things at times. Two of these projects could not have been done out of CPF under any circumstances. Mr. Besinger asked what those projects are. Mr. Day responded they could not do the bleacher replacement. Mr. Besinger asked if they ever considered getting donations for things like the press box. Mr. Day said there are other projects they considered like lights for the baseball field that people in the community are willing to work towards getting donations for. They cannot use donations for everything. Mr. Besinger said their graduation rate and ISTEP passing rate are nothing to brag about. The Superintendent said they are very concerned with those scores. They are starting a GED program, but it is a very needy population. Ms. Herndon said their CPF annually is something like one million dollars compared to some of the larger schools from earlier in the day. Mr. Besinger said maintenance is something they need to address over time. The Superintendent said she appreciates that, but for whatever reason that had not been done over time so here they are. Mr. Besinger said the problem with the tax system is that we allow corporations to go ahead and put off the problems and then when they get in a

bind we allow them to put another burden on taxpayers. If they could not do that they would not be here today. Mr. Day said over the next two years the amount raised with CPF will decrease by \$100,000 per year to offset the burden of this project. Mr. Besinger said they would not be paying interest if they would have paid this with CPF.

Mr. Barrow asked if any of these projects add academic space. The Superintendent said no, they have adequate space in each of their three buildings. Mr. Barrow asked if they are adding a storage room or a board meeting room. The Superintendent said it is not large enough to be a meeting room. It is a storage room with a firewall. Ms. Herndon said there is nothing with this project that will impact the board room. Mr. Barrow said the PowerPoint shows the storage room will have carpet, painted walls, textured ceilings and three windows. The Superintendent said they are located right off of I-70 and in 10-15 years growth should catch up, so the thinking is that down the road they may need light in that room. Mr. Barrow asked who occupies the two offices shown on the plans. The Superintendent said one room is for the treasurer and one is for storage space. They have made a lot of cuts in administration.

Mr. Mills said this school corporation only has about two-thirds of the state average in assessed value. Mr. Mills said he is confused about Fred Mann supporting this project when his son was complaining about statewide property taxes yesterday. The Superintendent said he was complaining about property tax replacement credit. The Mann family is very supportive of the school. Mr. Mills said farm taxes are going up twenty percent next year.

Mr. Umbaugh asked what the vote was. Ms. Herndon said 7-0. Mr. Umbaugh asked what is being leased. Ms. Herndon said a portion of the high school.

Ms. Hineline asked if any of these projects will address violations of health or fire code. The Superintendent responded yes.

Mr. Bronnert said this school corporation is doing something they do not usually like to approve, but they are really between a rock and a hard place. They seem to be doing the best they can with what they have. The Superintendent said they are trying to hold the line as closely as they can.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$282,000 for 12 years. Mr. Umbaugh seconded the motion, which favorably carried 4-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Warsaw Community Schools, Kosciusko County: Officials request approval of a lease rental agreement with maximum annual payments of \$4,911,000 for a term of 26 years. Total project costs are \$65,000,000. The tax rate impact is \$0.1771 with a new facility rate impact of \$0.0441 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote and the Indiana State AFL-CIO appointee opposed. There was no application for a petition and remonstrance process. The total project cost per square foot to construct the new Leesburg Elementary School is 17.34% above the DLGF threshold. The total project cost per square foot to construct the new Madison Elementary School is 16.49% above the DLGF threshold. The total project cost per square foot of the

addition to Jefferson Elementary school is 44.06% below the construction threshold. The total project cost per square foot of the addition to Claypool Elementary school is 42.02% below the construction threshold.

Present for the hearing was Robert Haworth, Superintendent; Kevin Scott, CFO; Ron Yeiter, School Board President; James Lake, Architect; Tammy Dalton, School Board; Daniel Neal, Kovert Hawkins; Todd Samuelson, Umbaugh; Jim Elizondo, City Securities and Thomas Peterson, Ice Miller.

Project: The project at Leesburg Elementary School includes the complete demolition of the existing school and construction of a new replacement facility. Renovations and upgrades to this facility exceed 80-100% cost of new construction. The new facility will be constructed on a new site adjacent to and in close proximity to the existing building. The all new facility will be designed as a 4-section school. Design of the new facility is intended to serve as a prototype for any future additional elementary school buildings.

The project at Madison Elementary School includes the complete demolition of the existing school and construction of a new replacement facility. Renovations and upgrades to this facility exceed 80-100% cost of new construction. The new facility will be constructed on a new site. The all new facility will be designed as a 4-section school. Design of the new facility is intended to make use of the new prototype design of Leesburg Elementary School.

The project at Claypool Elementary School includes the complete renovation of the existing portions of the school and construction of new additions on the existing site. The building is currently closed and is to be reopened as part of this project to serve the growing needs of the district. Project includes expanding the current 1-section school to become a 4-section school.

The Project at Jefferson Elementary School includes the complete demolition of the 1967 section, complete renovation of the existing 1976 section and the construction of the new additions on the existing site. The building currently houses the severe and moderate special education students and programs, and will continue to do so following the expansion and renovations. The project includes expanding the current 2-section school to become a 4-section school.

Comments: Mr. Haworth, Superintendent, said they are seeking approval to replace two elementary schools and also expand and renovate two elementary schools. They are here because the community no longer wants to educate their children in board rooms, broom closets, storage rooms, locker rooms, stages and old portable classrooms. As great things are happening in the business community in Warsaw, now is the time to address these educational issues. They held over 25 community meetings, had several newspaper articles and had no remonstrance even after three weeks between when form elevens were sent out and the 1028 hearing. Warsaw is growing and cannot at this time offer full day kindergarten classes. Buildings designed as two sections schools are now serving as three, three as four, etc. Special needs and ESL students are being taught in broom closets, storage rooms, locker rooms, stages and old portable classrooms because they have no where else to put them. Great schools are about great instructors, and they have great instructors. What they are asking for today is adequate spaces for these instructors to

teach in. The plan was developed by the community to educate generations to come. The buildings have been designed to be able to expand as Warsaw continues to grow. The school board listened to the community and chose the direction they have brought today. Hard and soft costs for this project are \$65 million.

Mr. Mills asked how a high school got built when the elementary schools are in this condition. The Superintendent said he may have been brought in because of that situation.

Mr. Besinger asked if they have closed any elementary schools in the past five years. The Superintendent said three one section elementary schools were closed three years ago. One of the buildings that they intend to renovate is one of those buildings that was closed. Mr. Besinger asked what they intend to do with the other two buildings. The Superintendent said one building has already been sold and the other is a three story 1930s building with no handicap access that they still have possession of. Mr. Besinger asked what they will use the money from the sales from. The Superintendent said they will use it to put students in proper learning environments. Mr. Besinger asked if they will apply it to their debt. The Superintendent said he had not thought through it, but it would make sense to apply it to the debt. Mr. Besinger said 75% of students are passing ISTEP, which is not outstanding. The Superintendent said they are working very hard. In the past year they were on AYP probation, but they have now made it into a safe harbor. Their goal is to also increase ISTEP scores 10%. Leesburg Elementary won a state and national Title One award for increasing scores.

Mr. Bronnert asked if they reconfigured from K-6 to K-5. The Superintendent responded no. They went to the community with a series of proposals, but the community spoke very loudly against a 6-8 middle school configuration. The community likes the current configuration.

Mr. Umbaugh asked if any other financing options were looked at. They said due to the anticipated timing of the issuance of bonds in spring of 2008 they looked at combining bonds with the lease but it did not work out to be an efficient option.

Mr. Bronnert asked why they used a 26 year term. They said the debt service schedule shows an actual repayment of 25 years. They looked at various options and decided a tax impact greater than twenty cents was not acceptable.

Mr. Umbaugh asked if the 5.5% rate they used is the current rate. They said they anticipate selling bonds in the spring of 2008. They used a higher rate due to the current volatile environment, but they expect to actually have lower lease rental payments.

Mr. Mills asked what the difference is in rates between 20 and 25. Mr. Elizondo said roughly 20 or 25 basis points. They said they doubt the spread would be very much. Mr. Umbaugh asked if it is fairly flat on the long end. They responded yes, it is a balancing act between rates and payback. Mr. Umbaugh asked them to explain the timing of the financial process. The Superintendent said they have provided a timeline back to 2005. They started putting together financial information four months ago. The financial advisors said they have been working on the structuring for eight to nine months.

Mr. Bowen said he thinks the plans look efficient and he likes that they are not building two gyms. Mr. Bowen said their cost estimates for the two buildings are exactly the same and asked if they have done and further cost analysis on the sites. Mr. Lake said the Leesburg site has no sewer, but the town is extending it right now. The Madison site is a rural site and falls into the same situation. Mr. Bowen asked if they are going to demolish the old schools. The Superintendent said Madison Elementary is a city school and will be converted to house an alternative learning center. The existing space at the middle schools that is used for alternative learning, about 12-15 classrooms, will be freed up to meet the growing needs at the middle schools.

Mr. Besinger said he is concerned they say the buildings are not good enough and they need to build new schools, but then they are going to reuse them for something else. The Superintendent said only about 40% of the Madison building would be used. There is no room to add on to the building. Mr. Besinger asked if they will heat and cool the entire building if they are only utilizing 40% of the space. They said they would be able to shut down part of the building.

Mr. Bronnert asked if their tax bills have been sent out. Mr. Scott said the form 11s went out prior to their hearing. Bills went out around the first of July. The community supports the need and voiced they did not want sixth graders in the middle schools, so they feel comfortable with this project. Mr. Bronnert asked if AV is growing. Mr. Scott said for 06p07 it increased about 17%. Their area historically has a low tax rate.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$4,911,000 for 26 years. Mr. Umbaugh seconded the motion, which favorably carried 4-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Bartholomew Consolidated School Corporation, Bartholomew County:

Officials requested approval of a general obligation bond issue in the amount of \$1,945,000. The total project cost is \$1,945,000. The term of the bond is one year. The tax rate impact is \$0.0600 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Karen Garrity, Director of Elementary Education; Charlie Wells, School Attorney; Vaughn Sylva, Assistant Superintendent of Finance; Lonnie Therber, Financial Advisor, and Thomas Peterson and Jim Shanahan, Ice Miller.

Project: This project involves two schools: Lincoln Elementary and Central Middle. Central Middle is a new school which will be opened in August, 2007. The School Corporation is creating a new tech program at the elementary and middle school levels. Lincoln and Central will become magnet schools. Later, the School Corporation hopes to create the same program at the high school level. Construction costs at each school consist of upgrading electrical service entering the building and wiring within the building and some HVAC improvements to accommodate the high powered equipment.

Comments: The Superintendent said they are going to be the first school corporation in the nation to implement the New Tech program in all grade levels. Ms. Garrity said studies have shown over 60% of high school students are disengaged. Different types of skills are expected of students in the twenty-first century. Teachers have said students are unprepared when they get to the ninth grade. The New Tech model is based on project based learning in a technology rich environment. The emphasis is on skills such as communication, collaboration and problem solving and is integrated into the curriculum. The teacher becomes much more of a facilitator. With the new program there will need to be facility changes, which is why they are here today.

The Superintendent said as a non-curriculum person he is very excited about this program. This has the possibility to really change education.

Mr. Mills said they have \$10 million in CPF and asked why they cannot pay for this out of that. The Superintendent said this money is only part of the big picture. This does not include what they need to do at the high school. Also, the whole New Tech conversation happened after the 2007 CPF money had already been budgeted. Lastly, they had about \$3 million more in requests than was available in CPF, so they have already had to make \$3 million in cuts. The community is demanding they do preventative maintenance out of CPF.

Mr. Besinger asked if any of their CPF money is used for salaries, insurance or severance pay. The Superintendent said they pay salaries for maintenance and technology employees, but they do not pay severance. Mr. Besinger asked how they pay severance. The Superintendent said they have a pension bond. They also pay for electricity out of CPF. Mr. Besinger said if they paid for electricity out of the General Fund they would have more money in CPF.

Mr. Bowen asked them to be more specific as to how this money will be used. The Superintendent said \$1.1 million will be used for renovations at Lincoln Elementary with \$94,000 for contingencies. About \$700,000 will be used for one to one technology and the support that goes with that and about \$45,000 is the cost of issuance. Mr. Bowen asked if Central is a new building. The Superintendent said yes. Mr. Bowen asked if they will have any money left over from that construction. The Superintendent said that money has been earmarked for other projects, mainly unforeseen issues with the building. They will need to build a new football field and parking area. Mr. Bowen asked what the acronym is for the system. Ms. Garrity said the name is New Tech, which is not an acronym for anything. The Superintendent said technology is just a tool.

Ms. Hineline asked why they need to add wiring for new technology in a building that is only one year old. The Superintendent said there will not be any wiring at Central, but they will be adding wireless components. Ms. Hineline asked if this program has any Federal grants to go along with it. The Superintendent answered no.

Mr. Besinger said with ISTEP scores of 63.7% the basics are not being taught and if they do not have the basics down it hard to transition to these other programs. Ms. Garrity said Lincoln is a very high poverty school and also low achieving. They are concerned with literacy, but they are working on it. The Superintendent said they think they can make a substantial impact on

learning. They have a high free and reduced lunch program. The average is 40% free and reduced at the elementary level and 25% at their affluent schools.

Mr. Nemeth asked if they meet the CPF statue for paying skilled craft employees. The Superintendent said they pay over one million dollars for skilled craft employees. Mr. Nemeth asked if they have transferred any money from CPF to rainy day in the past three years. The Superintendent said they have transferred about \$1.5 million. At the time they were in dire straights in their General Fund and the operating fund was at zero so it was intended to be an emergency fund. The board will only use the money for unforeseen occurrences. Mr. Nemeth asked what the balance is now. The Superintendent said they sold a building for \$2.8 million so the General Fund budget is about \$65 million.

Mr. Besinger asked if they transfer interest from various accounts to the General Fund at the end of the year. The Superintendent said the interest from health trust and pension bonds goes back into those accounts, but interest from every other account is transferred to the General Fund. The General Fund has been squeezed and they need that money to survive.

Mr. Barrow asked if they are upgrading the power to the building and the wiring at Lincoln Elementary and just doing some interior wiring at the middle school. The Superintendent said they are doing wireless networking at the middle school. Lincoln Elementary is an older building that is not wired sufficiently for all of the technology that is going to be put in there. They also need to do HVAC work at Lincoln.

Motion: Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$1,945,000 with a term of one year. Mr. Bowen seconded the motion, which was denied by a vote of 1-6. Ms. Hineline, Mr. Bowen, Mr. Nemeth, Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes. Mr. Bronnert abstained from the vote.

Lake Central School Corporation, Lake County: Officials requested approval of a general obligation bond issue in the amount of \$1,900,000. The total project cost is \$1,900,000. The term of the bond is 5 years. The tax rate impact is \$0.0100 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Thomas Dykiel, Business Manager; Thomas Peterson, Ice Miller and Jim Merten, City Securities.

Project: This project is replacing the existing domestic water piping at Lake Central High School which is from 1967 and replacing the existing HVAC unit at Homan Elementary School with individual rooftop units.

Comments: They are asking for \$1.9 million in order to do two projects. The first is water pipe replacement at Lake Central High School, which was built in 1967. They used galvanized pipe back then and they are constantly bursting. The other part of this project is \$800,000 that was completed over the summer out of CPF so they are hoping to replenish those funds. Lastly, they

would like to add rooftop AC units next summer at a cost of \$1.1 million. They have a \$25.5 million dollar bond issue that was approved two years ago for a new middle school. They are growing by about 350 students per year over the past three years. They committed \$4 million for the next two years out of CPF to help pay for the new middle school bond issue. The city has also asked them to upgrade the sewer and widen the road and that was also paid out of CPF. So, while they receive about \$5.2 million per year in CPF they do not have the funds in there to complete this project. The high school also needs electrical updates. The enrollment at the high school last year was 2958 so they are getting close to maximum capacity. The high school is landlocked. The bonds are for five years with level payments beginning in 2008 and paid off in 2012. They have added over 120 classrooms out of CPF over the last ten years.

Mr. Mills said they show their CPF rate at .0695 which is low. They said that rate is about where it is at.

Mr. Besinger asked if they use CPF to pay for salaries or insurance. They said they pay \$200,000 for technology salaries. They do not have any skilled craft employees. They have been paying one million a year for utility expenses. Mr. Besinger said if they would have paid for utilities out of their general fund they would have money in CPF for this project. They said they can take money from the bond, CPF or the general fund and they are tapping all three. They cut the bond from \$35 million to \$25 million and built a basic building with just paint and tiling. In 2009 a holding corporation will be closing out and \$286,000 will be coming off of the debt service rate. They are retiring debt fairly rapidly in the school corporation. The last time they spent any money on the high school was 1994.

Mr. Nemeth asked if they have made any transfers from CPF to rainy day. They said they have about \$2.4 million in rainy day which is used for new teacher salaries. They hired teachers 16 teachers to work in the school opening in January.

Mr. Bowen said this project addresses physical issues like aging piping where the Bartholomew project was not addressing anything tangible.

Motion: Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$1,900,000 with a term of five years. Ms. Hinline seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Mr. Mills said he thinks they are doing a good up there but he will not support any projects until the General Assembly gets property taxes under control.

Mr. Bronnert said they are seeing small maintenance projects like this coming in because schools are allowed to pay things like pension bonds out of CPF so they do not have the funds for maintenance. The Superintendent said they tried to do things cheap in the past which is catching up with them now, but they are doing the best that they can.

Mr. Besinger said they should start saving money in CPF for projects like this and learn to live within their budget.

Orleans Community School Corporation, Orange County: Officials request approval of a lease rental agreement with maximum annual payments of \$475,000 for a term of 26 years. Total project costs are \$6,300,000. The tax rate impact is \$0.0000 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to the Jr./Sr. High School is 38% below the DLGF threshold.

Present for the hearing was Jim Terrell, Superintendent; George Link, Architect; Bob Swintz, Financial Advisor and Jeff Qualkinbush, Bond Counsel.

Project: The project consists of an addition/renovation to the junior/senior high school to provide academic space needed for the senior high special education space for the facility and a separate physical education space for the junior high. Renovations will include upgrades to the existing toilet facilities and physical education spaces to meet the requirement of the Americans with Disabilities Act.

The addition will include 28,600 square feet encompassing four classrooms for academics and special education, a multi-purpose physical education space with physical education locker rooms for the junior high school and a multi-purpose stage area for student activities. Renovations will include an update of a junior high science lab and accessibility upgrades to toilets and existing physical education facilities.

Site improvements will include expanded parking areas in support of the student population and activities which will enhance the school's music program. Included in the overall scope of the project is a new canopy at the Orleans Elementary School at the bus unloading lane for student access into the building.

The overall hard construction cost for the project is \$5,980,000 including a 10% contingency and the architectural and engineering fees.

Comments: Jim Terrell, Superintendent, said this renovation and addition project is part of a project identified and analyzed more than five years ago. The board decided the highest priority in 2003 was the elementary school and postponed this project to be fiscally responsible. In 2007 they expect to receive \$550,000 annually in revenue from the French Lick Casino. The addition of four classrooms and a physical education area will eliminate the need for modular classrooms. Due to increased enrollment of special education students they had to add an additional special education teacher this year. The addition will add a science lab for junior high students. The project will also add an auxiliary gymnasium because the one gym they have now does not allow for flexibility in scheduling. The band and color guard have no indoor practice area. A combination of bonds not to exceed \$6.3 million will be paid through an extension of an existing lease with the school corporation for a term not to exceed 26 years and an increase to the annual lease rental not to exceed \$475,000. Because the project includes renovation to an existing school they will be able to begin making lease payments in 2008, assuming they receive approval from DLGF. This will allow them to issue bonds by the end of this year. In addition, due to two grants they have received permission from DOE to issue qualified zone academy bonds to fund a

portion of this project. This will help them reduce the amount of bond proceeds needed to pay capitalized interest. The board has pledged all of the riverboat revenues to the lease payments. The school board would like to have a debt service fund property tax backup to reduce the interest rate on the building corporation bonds. They fully expect the debt service will be repaid with riverboat revenue and no property tax increase will be required for this project. They have estimated this year's receipt of riverboat revenues will be at least 1.2 times more than the annual lease payments. No one has spoken in opposition to the project.

Mr. Bowen said they received information for buildings with two different names. The Superintendent said there are two different buildings involved in this project. There will be an addition and renovation to the jr./sr. high school and a canopy addition at the elementary school. Mr. Bowen asked how big the building will be after the addition. They said it will be 126,600 square feet and current enrollment is 411 students. Mr. Bowen said he does not see how they can add 28,600 square feet and not increase capacity. They said they are currently using modular classrooms that they will be getting rid of. Mr. Bowen said they were not provided drawings for this project so he does not know how they can evaluate it. Mr. Bowen asked how they are not increasing capacity if they are adding four classrooms. The Superintendent said two of those classrooms will be replacing modular classrooms and the other two rooms will be used for special education and foreign language. The auxiliary gym will not increase capacity of the school.

Mr. Besinger said on page 35 they show total capacity at 64% and functional capacity at 86%, so they are not even at full capacity. Mr. Besinger said he would also question having 460 square feet per student. Mr. Besinger asked how many students take physical education and how many periods a day. They said the junior high has eight periods and the high school is on block scheduling. Mr. Besinger asked how many students take physical education. They said about 130 for seventh and eighth grade. One class last year had over 40 students in it, but 20-25 is preferable. Mr. Besinger asked if the auxiliary gym is for physical education or extra-curricular activities. The Superintendent said it is absolutely for physical education. The design of the current gym makes it difficult to store and move equipment. Mr. Besinger asked if the current gym will only be used for athletics after the addition. The Superintendent said no, but it will be used on a secondary basis. Mr. Besinger said if they really needed the space they would use it, but it sounds like they are saying they are going to use the space at 50% capacity. The Superintendent said their desire is for physical education classes to be in the auxiliary gym in conjunction with other classes such as band or drama in the other space. The community currently uses the gym and the cafeteria for community events. They do not have a large group of students that take classes like calculus, but they need to offer those classes, so they may only have seven to ten students in those rooms at a time. Mr. Besinger said there are ways to alternate those classes so they will have double the number of students in them. The Superintendent said taking those approaches may eliminate some students.

Mr. Mills asked how many school corporations are in Orange County. The Superintendent responded three. Mr. Mills asked what the size of each one is. The Superintendent said Orleans has about 840, Paoli is about 1600 students and Springs Valley is probably close to 840. Mr. Mills said two corporations are smaller than the targets at the time of reorganization. The

Superintendent said the Indiana Chamber named them an Indiana Best Buy. Their attendance rate is 96% and even though they are a low income area 57% of students pursue college.

Mr. Besinger said with 51 teachers and 4 administrators their severance pay would be \$64,094 per teacher. The Superintendent said they just had a buyout, which is expensive for them, but it is difficult to overcome prior decisions. They have put off this project, and with the casino revenue there will be no increase in property taxes as a result of this project. Mr. Besinger said they cannot really say there will be no tax because if they had put the money in the general fund there would have been cutting the tax rate. The Superintendent said if they put it in the general fund they could run into problems down the road. The school corporation made the decision to control the tax rate and pay for this type of project with casino revenue and potentially no cost.

Mr. Mills said he is not sure as the School Property Tax Control Board they have any jurisdiction over this matter.

Mr. Umbaugh asked if they are issuing three separate bonds. The Superintendent said they will issue one first mortgage bond and one combined series based on 2006 and 2007 allocation. Mr. Umbaugh asked if they will be issuing the lease rental bonds before the \$2.3 million. They said they anticipate issuing all \$6.3 million in November or early December. The first mortgage bonds are estimated to be around \$2.3 million and the QZA bonds are around \$4 million. All will be repaid with gambling revenues and they will use the property tax backup to keep the interest rates lower.

Mr. Nemeth asked what part of the project the QZA bonds are for. They said the bonds would be used for the renovation and other equipment in the facility. They are asking for approval of a lease to support everything. Mr. Nemeth asked if they are sure HB 1001 allows them to do this project. The Superintendent said his understanding is that debt service and CPF are options. The monies will be devoted for this project. Any revenue beyond this project will be put toward CPF type projects. They have avoided putting it in the general fund due to concern with where that money may go with future Superintendents or future school boards. They community has stated they would like this money to go towards facility improvements with no increase to the tax rate.

Mr. Besinger asked how entities can dictate where certain funds go. Mr. Nemeth said it is dictated by statute. The Superintendent said the original discussion when the casino was being planned was that the revenue would be used to control debt service.

Mr. Mills asked how the casino revenues are allocated. Mr. Tucker said that statute dictates that the Town of Orleans receives 10% and they must give 40% of that to Orleans Schools. Mr. Mills asked if the other schools in the county receive the same allocation. Mr. Tucker said Spring Valley receives twice as much.

Mr. Besinger asked how long this is guaranteed for. They said twenty years, which they think is pretty much guaranteed because Cook Group has put \$400 million into it at this point. On the current schedule the casino's gross receipts will be in excess of \$100 million. Mr. Besinger asked if the amount they receive could increase each year. They said it is a graduated tax, so the better the casino does the more money they will receive. The Superintendent said as revenues

increase they will not only pay for this project, but will also use the money for other debt to lower the tax rate.

Ms. Hineline asked if there is a matching requirement for the QZA funds. Mr. Qualkinbush said they have a \$400,000 matching from a trust that was established by John Mayhem.

Mr. Nemeth asked if they will have an underwriter. Mr. Qualkinbush said they do not need one because they are able to receive monies directly from a trust. Mr. Nemeth asked if that was interest free. Mr. Qualkinbush said they were interest free, but you didn't have to pay any principal until the end of the term and could claim a tax credit until that time. Congress eliminated that possibility last year, so because of that the tax credit rate they will get is around 5.5. Mr. Nemeth asked how this principal repayment schedule matches up with the changes in statute regarding repayment. Mr. Qualkinbush said they are not trying to wrap the QZAB around the first mortgage bonds, but the QZABs need to be paid off in 16 years so they have higher lease rental payments, but in aggregate they will have level debt service payments. Before Michael Dart left he had expressed he was comfortable with this structure.

Mr. Bronnert said he is hearing they are adding on to the school because the community wants it and they are raising the tax rate like the community wants.

Motion: Mr. Nemeth made a motion to approve a lease rental agreement with maximum annual payments of \$475,000 for 26 years. Ms. Hineline seconded the motion, which carried by a vote of 4-4. Mr. Bowen, Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

School Town of Munster, Lake County: Officials request approval of a lease rental agreement with maximum annual payments of \$256,000 for a term of 11 years. Total project costs are \$1,950,000. The tax rate impact is \$0.0154 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Bill Pfister, Superintendent; Rich Sopko, Assistant Superintendent; Sue Vawter, School Construction Manager; Dan Szany, Architect; Dave Wimmer, Underwriter and Jeff Qualkinbush, Bond Counsel.

Project: This project includes:

- Re-roofing Wilbur Wright Middle School and the addition of one or more new exits as required by the fire marshal.
- Re-roofing Frank H. Hammond Elementary School and the renovation of all or any portion of the existing offices.
- Re-roofing Munster High School
- The addition of strobe lights in the classrooms in conjunction with the fire alarm system as required by the fire marshal at James B. Eads Elementary School and Ernest R. Elliott Elementary Schools.
- Paving or repaving parking lot areas at one or more properties operated by the School Corporation.

Comments: Mr. Sopko, Assistant Superintendent, said the project involves several long term maintenance and safety related projects. Due to technology, maintenance, and other obligations in CPF they have not been able to identify any extra money in CPF to replace all of their roofs, which are now over 25 years old. CPF also does not have sufficient funds to address the parking lot improvement and other safety improvements that are required by the fire marshal. They will expand an existing lease with the middle school building corporation which will eliminate any capitalized interest. By spreading payments over ten years they are able to finance this with no increase to the tax rate. With no available funds in CPF their only options are to address the repairs as emergencies when needed, or to do the projects with this bond issue, which they feel is the best choice given the lack of tax impact.

Mr. Besinger asked why they do not do this out of CPF. Mr. Sopko said CPF is a capped fund and they have several projects they are doing so they do not have the money to do extensive roof repairs. Mr. Besinger asked how much money they take in per year from CPF. Mr. Sopko said they receive about \$2.8 million. Mr. Besinger asked how much of that they use for salaries, utilities or insurance. Mr. Sopko said the only salaries that are paid are for four technology employees. Mr. Besinger asked how much that is. Mr. Sopko said they pay about \$500,000 a year for technology employees. Mr. Besinger asked how much they pay for utilities. Mr. Sopko said \$734,000. Mr. Besinger said they are using about \$1.2 million out of CPF that they could be using for projects like this. Mr. Sopko said these projects came about because the community supports keeping the schools in good condition. They have done some repairs over time, but now they need extensive repair and replacement. Mr. Besinger asked how they are paying for their severance pay package. Mr. Sopko said they are paying it mostly from bus replacement, but some is from CPF. Last year they did not use any CPF to pay severance, but in the past they have taken \$70,000.

Ms. Hineline asked how much of this project is for fixes required by the Fire Marshal. They responded about \$130,000. Mr. Sopko said they need to add an additional exit and strobe lights in classrooms.

Mr. Nemeth asked if they have transferred any funds to the rainy day fund. They replied no.

Mr. Umbaugh asked why they used an eleven year payback. They said they balanced the useful life with the tax rate impact. Mr. Sopko said the PTO members were willing to go door to door to get the signatures required for this project without the school asking for their support.

Mr. Nemeth asked if they will take bids for the roof or use a service center. They said they will take public bids.

Mr. Barrow asked if they will be affected by the tax cap next year in Lake County. Mr. Sopko responded yes, because of trending they saw AV go up so state aid will go down. Mr. Barrow asked what their plan is if that happens. The Superintendent said they will have to do whatever it takes. Mr. Barrow asked if that will have an impact on this because they will have to pay debt service first. They said they are concerned about it and they have discussed it.

Mr. Besinger asked how much money they have in their rainy day fund. The Superintendent said they have no money because if they had money they would spend it for this project.

Mr. Barrow asked what the aggregate district wide rate is in Munster. They said they do not have that amount and do not want to guess at it. Mr. Barrow said the pay 07 rates are not out yet.

Mr. Bronnert said CPF is insufficient to do what needs to be done because it is used for other things. Mr. Bronnert asked how old the roofs are. The Superintendent said the roofs are over 25 years old. It was recommended in the early 1990s that the roofs be replaced, but for whatever reason it never happened. Mr. Bronnert asked what type of roofs they are going to use. They said they will use single ply roofs. The Superintendent said he would prefer to use something else, but that would be more expensive. They have tires on the roofs trying to hold things down. Mr. Sopko said they have done some repairs out of CPF, but now the architects are saying they need to be replaced before the buildings sustain structural damage.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$256,000 for 11 years. Ms. Hineline seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Tri-Creek School Corporation, Lake County: Officials request approval of a lease rental agreement with maximum annual payments of \$3,750,000 for a term of 25 years. Total project costs are \$45,300,000. The tax rate impact is \$0.1500 with a new facility rate impact of \$0.0900 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the new middle school is \$31.42, or 16.65%, above the DLGF baseline.

Present for the hearing was Alice Neal, Superintendent; Lon Childress, President; Wayne Wietbrock, Taxpayer; Sue Vauter, Board VP; Nate Kleefisch, Director of Operations; Ray Cusic, Assistant Superintendent; Doug Wickstrom, Fanning & Howey; Karl Sturbaum, Bose McKinney; Pete Goerges and Monica Conrad, Local Counsel; Rod Wilson, City Securities and Bark York, Skillman Corp.

Project: The project is for the acquisition, construction, and equipping of a new middle school to replace the existing ninety year old Lowell Middle School. The new building is being designed large enough to permit the fifth grade to be housed in the middle school, relieving crowded elementary schools. The facility is being designed for approximately 197,000 square feet. It will permit the existing 6th through 8th grades to transfer directly from the existing building and will also permit the 5th grade students now located in the three elementary school buildings to be housed together in the new building.

The new school building will be located on an eighty acre site that will accommodate an elementary school as well, if one is required in the future. It is located less than a half mile south and east of the existing middle school and is immediately south of town boundaries. Construction of the building itself is budgeted at \$29,145,000, or approximately \$148 per square foot. Utility lines will be brought to the site from the town's boundary at a cost estimated at

\$1,480,000. Preparing and developing the site for the middle school will cost \$3,475,000. It is less expensive to construct the new middle school large enough to accommodate the 5th graders than to construct the needed middle school as well as either additions to each of the elementary schools or a new elementary school building.

The facility will be equipped with wireless computers as appropriate, media/data retrieval throughout, and modern science labs. As much as possible of the serviceable loose equipment in the existing structure as possible will be transferred to the new building, but there will remain much furniture, office equipment, educational equipment and cafeteria supplies to be replaced.

Comments: Ms. Neal, Superintendent, said Tri-Creek Schools in Lowell is requesting lease financing to pay for the replacement of their middle school. This project addresses the fact that the current middle school was built in 1914 and is reaching the end of its useful life and also will address overcrowding in the elementary and middle schools. Mr. Childers said this project is very important to the community and is the final phase of their long range plan. The community strongly supports the project. Right now interest rates are affordable and the price of the land is reasonable. The Superintendent said the school board has made every effort to inform the public of this project and in July 2006 a maximum rate impact of \$0.15 was discussed in public meetings and published in local newspapers. There was no remonstrance at the 1028 hearing. Tri-Creek schools have been growing at the rate of about 100 students per year for the past four years. The existing middle school has been in poor condition for many years. The new middle school will house four grades to free up space at the elementary schools. The building is being designed to be flexible depending on growth. ISTEP scores have improved substantially over the past six years. In addition, the corporation has been awarded exemplary status. They anticipate building a 197,000 square foot building on an 80 acre site south of town. The site will also have enough space to house an elementary school if needed in the future.

They estimate the debt service tax rate impact in 2009-2012 to be \$0.75 and lower thereafter because of lower payments in future years. Now, the rate impact will be lower than expected because of lower interest rates and greater AV growth. The nine cent increase that they forecasted at the 1028 hearing will now be closer to seven cents. They expect to shorten the term to reduce interest costs. At today's rates they expect the term would be around twenty years, which would save them about \$7 million in interest.

Mr. Mills asked how a maximum debt service levy of \$0.15 will raise enough money for a \$43 million project with annual lease rental payments of \$3.7 million. They said they have significant debt dropping off. The impact on the debt service rate from 2006-2009 is an increase from 61 to 75 cents so the net impact is 14 cents. Mr. Mills said he wants them to state the maximum tax impact of this project. The impact of just this project is closer to thirty cents.

Mr. Bronnert asked them why the costs are above the DLGF guidelines. They distributed a handout to help explain the costs. Specific to Lake County, projects usually have 3% in additional costs due to higher bids in the area. The DLGF guideline is for 2007, but they will not bid the project immediately so they have used 5% inflation. Contingencies also add a 3% cost that is often not accounted for. This project also includes \$1.4 million for utility work to the site. Mr. Bronnert asked if they will have to pay for utilities because the site is outside of town. The

Superintendent said they would have to have paid utilities regardless of where the land was located.

Mr. Nemeth asked if their payback schedule is in line with the recent changes in statute. They said the way they understand the language of the statute they have to make a principal payment in each year and they believe they will be able to do that even though this project came about three years sooner than the school corporation had hoped. If interest rates stay the same they will begin principal payments as soon as the building is completed around 2010. Mr. Nemeth asked what the \$3,475,000 for site development includes. They said that cost includes things such as playing fields, parking lots and storm drainage. Mr. Nemeth asked who is responsible for building roads. They said the site is adjacent to an existing road so they are not building any. The city water line also runs adjacent to the site and the city is cooperating with the sewer lines.

Mr. Mills asked if they will develop all 80 acres of the site right away. They responded no, they will only develop the middle school area and the necessary parking areas.

Mr. Barrow asked if the land is costing \$77,700 an acre once it is developed. They said the utilities are going from the site about a mile down the road to hook up. The Superintendent said they will receive recapture fees. Mr. Barrow said the cost of the raw land is about \$15,750 an acre and asked if it is a flat piece of land. The Superintendent said the land is slightly rolling. Mr. Barrow asked what will happen to the old middle school. The Superintendent said the school board has not yet decided what they will do, but they have considered many different options. It is a huge open concept building in the town of Lowell. Mr. Barrow asked when they purchased the land for this site. The Superintendent said they have owned the land for about a year. They received approval for the purchase from DLGF about a year ago and paid for the land with a purchase agreement note that will be repaid with this bond issue.

Mr. Nemeth asked what their past history has been with taxpayers and if they have had any remonstrance in the past. The Superintendent said it is an extremely supportive community. They were going to do this project at the same time they did they high school, but the high school was a greater priority and they patched the middle school for as long as they could. They want to avoid having to use portable classrooms. Mr. Nemeth asked if they would be able to make any cuts to get their costs down to the DLGF baseline. The Superintendent said they are not building any athletic facilities with this project. They need the classroom square footage to accommodate grades 5-8 and free up space in their elementary schools.

Mr. Bronnert said 141 square feet per student seems small compared to other schools. Mr. Bowen said it is average. The Superintendent said they want a good building to serve their students' needs, but nothing fancy.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$3,750,000 for 25 years. Ms. Hineline seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

West Clark Community Schools, Clark County: Officials request approval of a lease rental agreement with maximum annual payments of \$2,650,000 for a term of 25 years. Total project costs are \$31,635,000. The tax rate impact is \$0.2364 with a new facility rate impact of \$0.0460 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the new Early Childhood Learning Center is \$48.97, or 27.28%, above the DLGF baseline.

Present for the hearing was Monty Schneider, Superintendent; Mac Dyer, Assistant Superintendent; Sandy Furnish Banet, School Board President; Karl Sturbaum, Bond Counsel; Larry Timperman, James Lake and Hal Kovert, Architects; James Elizondo, City Securities and Dr. Don Neal, Educational Consultant.

Project: The overall West Clark Community School project is composed of the following six sub-projects:

1. Early Childhood Learning Center: This is a new facility designed for Pre-School, Kindergarten and First Grades initially. It is designed to expand to a full service four section Elementary School with a minimum capacity of approximately 600 students.
2. West Clark Community Education Center: This project shall utilize the original "Sellersburg Elementary School" for: Adult Education, Head Start/Preschool, Alternative School, GED Programs, etc. The facility shall be completely renovated.
3. Henryville Elementary/Junior-Senior High School Expansion and Miscellaneous Improvements: The project includes the addition of sixteen new classrooms which effectively adds three classrooms for the High School, three classrooms for the Junior High School and ten for the Elementary School. In addition, an automatic sprinkler system will be added to cover the entire building.
4. Borden Elementary Junior-Senior High School Expansion and Miscellaneous Improvements: The project includes the addition of a new Junior/Senior High School auxiliary gymnasium for expanded physical education programs for each sex.
5. Sellersburg Campus Improvements: This project includes maintenance and repairs to Silver Creek High School, Silver Creek Middle School, Silver Creek Elementary School and Silver Creek Football/Soccer and Track Facilities.
6. Purchase of Additional Property: At the Borden Campus, Henryville Campus and Sellersburg Campus.

Comments: Mr. Schneider, Superintendent, said West Clark Community Schools was formed through reorganization of five townships in 1968. The school corporation lies within the Louisville MSA. It consists of 162 square miles. The growth in enrollment in recent years has been steady. The corporation enrollment has increased twenty percent from 2001-02. West Clark Community Schools consists of three high schools, one middle school, three elementary schools and one alternative school. The schools are located in four sites in the three main communities of Borden, Henryville, and Sellersburg. The arrangement of the schools is more efficient than it may appear because those communities are many miles apart. Until recently, the lack of municipal sewer systems, and to some degree, the lack of city water, had slowed development. Those infrastructure systems are now rapidly coming on line. They have

determined that rapid growth is already occurring, and it is likely to continue, short of a major recession.

West Clark Community Schools completed a major building program in 2003. The buildings are generally in good condition with the exception of the old Sellersburg Elementary that was re-opened this year to house the first ever alternative school in West Clark. Also, there are some maintenance issues on the Silver Creek campus that need to be addressed. The Capital Projects Fund can no longer carry the load when it comes to major maintenance items because of funding requirements for technology, property and casualty insurance, utilities and pension bonds.

The schools in their three communities are the center of community activities. West Clark does not offer full day kindergarten. They did not apply for full day kindergarten funding this year because of space. With more and more students choosing honors diplomas, the necessity for offering more advanced courses in English, mathematics, science, and foreign language is becoming more pressing. Additional classroom space will allow them to meet those needs more easily.

The official minutes of the Board of School Trustees mention the proposed building project or the purchase of land for the proposed building project several times since January 1, 2006. The local newspaper has a reporter at most of their meetings. Each meeting has a “community input” section where school patrons have the opportunity to be placed on the agenda to discuss school items with the Board. The 1028 hearing was held July 9, 2007 with forty-one people present. One person had two questions concerning potential taxes and imminent domain. Another patron had a question about drainage. The questions were answered. No one spoke in opposition to the project. The West Clark School community has a history of being very supportive of their schools. This project includes the Early Childhood Development Center, West Clark Education Center, Henryville Elem./Jr. Sr. High School expansion, Borden Elem./Jr. Sr. High School expansion, Sellersburg campus improvements and purchase of additional property for parking expansion. This project is a response to growth because they are simply running out of space.

Mr. Umbaugh asked what the board vote was. The Superintendent said the vote was 5-0.

Mr. Bronnert asked what they are expecting with their 2007 taxes. The Superintendent said they do not have their tax bill yet. They think their total assessment will stay about the same, but they do not know what it will do to individuals.

Mr. Barrow asked if people are aware of the 30% increase in the tax rate for pay 2008 that they show on page twelve of the information sheet. The Superintendent responded yes, they are aware that this project will affect their taxes. Mr. Barrow said if everything remains the same over the next year and they make up 50% of a person’s taxes that person will see a 15% increase in their taxes. The Superintendent said that is correct.

Mr. Umbaugh asked why they used 6.25% for their amortization. Mr. Elizondo said they started running numbers well over a year and a half ago. As they moved along they stuck with the numbers they had shared with the public, but today they would see rates closer to 4.7% so they have a bit of a cushion. Mr. Umbaugh asked what the tax impact would be if they could sell the

bonds today. Mr. Elizondo said they would have a little under a twenty cent increase. Mr. Umbaugh said they presented this project on the high side. Mr. Elizondo said everything was explained as a worst case scenario. The Superintendent said this comes down to space and them needing more rooms. Currently they cannot offer full day kindergarten. They feel like full day kindergarten is a necessity and it is their intention to offer it after this project is completed. Ms. Banet said when they began planning this project five to six years ago they thought planning for 1,000 additional students was having some foresight, but they have recently been overwhelmed with growth.

Mr. Besinger asked how much insurance, severance pay and technology they pay out of CPF. They said in the insurance area they pay approximately \$500,000 of which \$125,000 is for liability insurance. Technology accounts for about 25% of their CPF budget. Mr. Besinger asked what their total CPF budget is. They said the 2006 budget was right at \$2 million. Mr. Besinger said they do not leave much room for project like this, which is what the fund was intended for.

Mr. Nemeth asked what the \$3.5 million for site development is for. The Superintendent said the primary school is offsite. It is in a new area that will need a road and utilities brought in. Being in southern Indiana they also anticipate that they will get into an area with sinkholes. Mr. Nemeth asked why the town or county would not pay for the road. The Superintendent said they are only building the road into the site off of an old state highway.

Mr. Bronnert asked how much of this project is for athletic improvements. The Superintendent said it is probably less than two or three percent of the total budget. They are replacing some old dilapidated bleachers, but they are not building a stadium or locker rooms are anything like that. They received donations to replace the football goal posts. Mr. Bronnert asked them to justify the need for the auxiliary gym. The Superintendent said they cannot offer physical education like they would like to in the K-12 facility. The second gym will also allow younger students to have practices earlier in the evening. The facility will only have about 300 spectator seats.

Mr. Barrow asked them to explain the difference in land costs between page seven which shows 13.67 acres at \$61,000 and acre and page ten which shows a land cost of \$2,759,000. Mr. Elizondo said the \$61,000 an acre is based on the cost they have already incurred on the land for the new building and the other amount is for costs relative to the other school sites. The Superintendent said the site development is for the primary learning center which is located off a major highway. The other costs are home sites they will need to purchase for parking. Mr. Barrow asked what all the \$2,759,000 includes. The Superintendent said the additional sites plus the 13.67 acres. Mr. Barrow asked if they also included demolition costs for the home sites. The Superintendent said there are some in there. Mr. Barrow asked what the site and utility development costs of \$3.45 million on page ten is for. The Superintendent said it is for getting a road and utilities into the site, as well as anticipating running into sinkholes. Mr. Barrow asked what the \$3.55 million for "other" is. Mr. Elizondo said it is the sum of the items just explained plus builders' title and risk insurance. Ms. Banet said property is going fast in the area. The site they found is close to Sellersburg and it is very convenient for their busses.

Mr. Bowen asked how the building will have a capacity of 600. The Superintendent said the expansion will have two phases and this is the first phase. Once they are completely finished it will probably turn into a full elementary and they will have to redistrict.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$2,650,000 for 25 years. Mr. Bowen seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Taylor Community School Corporation, Howard County: Officials will review their 2008 budget. On December 11, 2006 the Department of Local Government Finance granted modified approval in the form of an excessive levy appeal for Taylor Community School Corporation, Howard County, for emergency financial relief in the amount of \$425,000 per year during 2006 pay 2007 and 2007 pay 2008 in the form of an additional property tax levy. As a condition of being a controlled school corporation, Taylor Community School Corporation must receive approval from the School Property Tax Control Board for all claims for payment in excess of \$10,000.

Present for the hearing was Debbie Barton, Treasurer; Brett Myer, Interim Superintendent; Russell Marler, School Board President and Scott Maple, School Board Member.

Comments: Mr. Marler said they are here because they were granted an excess levy last year for \$425,000 for the next two years so they need to receive approval of their budget. Ms. Barton said she needs to receive approval for a year's supply of copy paper which will cost \$15,222. Mr. Bronnert said they will make one recommendation. Ms. Barton said they have provided forms one through five and 1S for calendar year 2008. They have done what they can with cutting positions and teacher contracts. They have not given any raises this year. Their levy for the general fund on form three that they are advertising is \$4,822,344. That amount is high because they have to advertise high and there is a cash amount in there that they know is going to get cut out. They tried to be as realistic as possible by using actual amounts for things like salary, but there are always unknowns such as AV.

Mr. Besinger asked if they are using CPF for utilities. Ms. Barton said they are using CPF to the maximum amount it is allowed for CPF. Mr. Besinger said the quicker they can get away from taking things like utilities out of CPF the better off they will be so they can use that money for repairs and maintenance. Ms. Barton said it is her understanding that they add onto her rate for utilities so it does not take away from other things. On the 2007 budget order they calculated the adjusted CPF rate and then added an adjustment for utilities and insurance.

Mr. Mills asked what amount they are expecting for an excess levy this year. Ms. Barton said they were also approved to receive \$425,000 this year.

Mr. Besinger asked if they have their budget balanced within those guidelines now. They responded yes.

Mr. Mills asked what their final school rate was last year. Ms. Barton said the total rate was \$1.9779. They realize the rate they are advertising is high, but it is going to get cut. Mr. Mills

said the process makes a mockery of informing the public and the rate they advertise should be the real rate. They said they agree and anyone with a business background does not feel comfortable, but this is what they are required to do.

Mr. Nemeth asked if they had any extra duty pay increases. They said they have absolutely no pay increases this year. They negotiated a two year contract that does have a 1% pay increase in 2008-09, but no increases this year. ECA amounts were adjusted along the pay scale. They adjusted some things, but the bottom line is less than it was previously.

Mr. Mills asked what happened with their AV and if they have received their tax bills yet. They said they have received their June settlement. Mr. Mills asked what the net effect was on taxpayers. Ms. Barton said bills went up and they have had some people complain. People who live in Kokomo also pay high city taxes. On average the school portion of their tax went up 50% due to a shift in who was paying taxes. With the elimination of inventory tax someone else has to pay that tax.

Motion: Mr. Bowen made a motion to acknowledge the receipt of the purchase order for copy paper in the amount of \$15,222. Mr. Nemeth seconded the motion, which carried by a vote of 7-0. Mr. Bronnert made a motion to accept the 2008 budget of Taylor School Corporation. Mr. Nemeth seconded the motion, which carried by a vote of 6-1. Mr. Barrow cast the dissenting vote.